

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

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June 3, 2003

FROM: **DAVID H. SLAUGHTER**, Director
Real Estate Services Department

JAMES FELTEN, Public Health Programs Administrator
Public Health Department

SUBJECT: **LEASE AMENDMENT WITH DON W. SCHMID FAMILY TRUST, 2001 DAVID SCHMID TRUST, DANIEL WALTER SCHMID TRUST, WILLIAM ROBERT SCHMID TRUST, ANDREW DAVID SCHMID TRUST, LAURA M. COOK TRUST AND M & B McCORMICK TRUST**

RECOMMENDATION: Approve Amendment No. 4 to Lease Agreement No. 89-192 with Don W. Schmid Family Trust, 2001 David Schmid Trust, Daniel Walter Schmid Trust, William Robert Schmid Trust, Andrew David Schmid Trust, Laura M. Cook Trust and M & B McCormick Trust to reflect a change in ownership and extend the term through March 31, 2005 for 3,900 square feet of office space in San Bernardino for the Public Health Department's (PHD) Animal Care and Control Program in the amount of \$109,512.

BACKGROUND: On April 3, 1989, the Board approved a five-year lease agreement ending March 31, 1994 with Richard J. Battaglia for 3,900 square feet of office space for PHD located at 606 East Mill Street in San Bernardino. The space is occupied by the department's Animal Care and Control Program. In the 14 years since the lease was originally approved, the Board has approved three amendments, which are summarized below:

<u>Amend. No.</u>	<u>Approval Date</u>	<u>Action</u>
1	April 5, 1994	<ul style="list-style-type: none">• Extended the term seven years to March 31, 2001• Added three two-year options to extend the term• Provided additional tenant improvements• Decreased the monthly rent payments from \$4,425 (\$1.13/sq.ft.) to \$3,861 (\$0.99/sq.ft.) with 4.0% annual increases
2	Feb. 13, 2001	<ul style="list-style-type: none">• Exercised the first two-year option to extend the term to March 31, 2003• Decreased the monthly rent from \$4,885 (\$1.25/sq.ft.) to \$4,563 (\$1.17/sq.ft.) with no annual increases
3	Sept. 18, 2001	<ul style="list-style-type: none">• Approved a Subordination, Nondisturbance and Attornment Agreement which enabled the landlord to secure new financing

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BOARD OF SUPERVISORS**LEASE AMENDMENT WITH DON W. SCHMID FAMILY TRUST, 2001 DAVID SCHMID TRUST, DANIEL WALTER SCHMID TRUST, WILLIAM ROBERT SCHMID TRUST, ANDREW DAVID SCHMID TRUST, LAUAR M. COOK TRUST AND M & B MCCORMICK TRUST**

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PHD requested Real Estate Services Department (RESO) exercise the second option to extend the term to March 31, 2005. This lease is in holdover because the landlord was formalizing the Memorandum of Tenant-In-Common Agreement. The lease terms are summarized as follows:

Lessor: DON W. SCHMID FAMILY TRUST, 2001 DAVID SCHMID TRUST, DANIEL WALTER SCHMID TRUST, WILLIAM ROBERT SCHMID TRUST, ANDREW DAVID SCHMID TRUST, LAURA M. COOK TRUST AND M & B MCCORMICK TRUST

Location: 606 East Mill Street, San Bernardino

Size: 3,900 sq. ft.

Term: Two years commencing April 1, 2003

	<u>Cost per sq.ft. per month</u>	<u>Monthly</u>	<u>Annual</u>
Rent:	\$1.17/sq.ft. *	\$4,563	\$54,756

*Mid-range for the San Bernardino area

Options: One two-year option remains to extend the term

Improvement costs: None

Custodial cost: To be provided by lessor

Maintenance: To be provided by lessor

Utilities: To be provided by lessor

Right to terminate: County has a right to terminate with 90-days notice

Parking: Sufficient for County needs

REVIEW BY OTHERS: This item has been reviewed by County Counsel (Fiona Luke, Deputy County Counsel) on December 4, 2002; HSS Administration (Darlene Bently-Hill, Interim HSS Facilities and Services Manager) on March 10, 2003; and the County Administrative Office (Daniel R. Kopp, Administrative Analyst) on May 23, 2003.

FINANCIAL IMPACT: The total cost of this two-year amendment is \$109,512. The cost for fiscal year 2002-03 is \$54,756 (\$4,563 per month x 12 months). State budget impacts are not considered a major factor in the leasing decision because these program expenditures are funded 100% by animal licensing fee revenue.

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Payments will be made from the Rents budget (AAA RNT) and reimbursed from PHD's budget (AAA PHL). Sufficient appropriation is available in both budgets. Approvals of this item will not result in local cost. Annual lease costs are as follows:

<u>Year</u>	<u>Annual lease cost</u>
April 1, 2003 – March 31, 2004	\$54,756
April 1, 2004 – March 31, 2005	54,756

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item, concurs with the department's and RESD's proposal, and recommends this action based on programmatic needs for space. Lease payments are made from non-general fund sources. Funding is available, ongoing in nature and not in imminent jeopardy of being cut or reduced. If funding is reduced or eliminated, the lease can be terminated with 90-days notice. Consolidation of this space with other existing space has been explored and no feasible opportunity exists at this time.

SUPERVISORIAL DISTRICT: Fifth

PRESENTER: David H. Slaughter, Director - 7-7813

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